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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

20 February 1976

MEMORANDUM FOR: SA/DCI
Assistant to the DCI

SUBJECT: Background for the Director's Appearance
on Meet The Press

1. Should the press suggest that CIA failed in its responsibilities by not predicting the recent shake up in the Chinese leadership as is indicated in the attached article in The Star, I suggest the Director can make a case that we anticipated to some degree the current struggle in China by citing the following two OCI articles. Both of these OCI articles were published before the announcement of Hua Kuo-feng as acting premier.

2. The first article written in December 1975 suggests that the Chinese leftists attacks on the Chinese schools was in fact an attack on Teng. The article suggests there were severe strains between Teng and the left wing of the Party.

3. But even more important, the second OCI article which was published just before the announcement of Hua as acting premier specifically states that "the Party's left wing appears to be making a determined effort to forestall the formal designation of Teng Hsiao-ping as premier."

[Redacted]
[Redacted]
National Intelligence Officer
for China

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Attachment:

Article dated 19 Feb 1976
Article dated 11 Dec 1975
Article dated 7 Feb 1976

[Redacted]
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NIO/CH-[] [] 20 February 1976

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NEWS SERVICE

Date. 19 Feb
Item No. 7
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DISTRIBUTION II

The attached are from today's Star.

Future Trends Remain Unclear

Political Shakeup in China Surprised the CIA, Bush Says

By Norman Kempster
Washington Star Staff Writer

The political shakeup in China in which a relative unknown, Hua Kuofeng, became acting prime minister took the U.S. intelligence community completely by surprise, CIA Director George Bush said today.

Bush, who was U.S. envoy in Peking prior to his selection to head the CIA, said he does not even know Hua.

Asked at a breakfast meeting with a group of reporters whether the CIA predicted the shift, which downgraded President Ford's Peking host, Teng Hsiao-ping, Bush said, "There was a major surprise factor in those developments."

Bush added that it is not yet clear what future developments will bring in China.

ON OTHER topics, Bush conceded there is nothing in President Ford's intelligence reforms that would prevent a future Watergate scandal.

"That is a question of trust," Bush said. "I don't think someone can draw legislation in a way to make sure that these things won't happen."

Bush conceded that Ford's new restrictions on present and former government employees and employees of government contractors to prevent disclosure of classified information might make it more difficult for the public to learn of Watergate-type abuses.

But he insisted that Ford's plan to strengthen the CIA's inspector general would give an employee "some place to go to blow the whistle" on abuses.

BUSH SAID HE is determined to prevent as much as possible disclosure of classified information.

He said he would attempt to obtain a court order to prevent publication of secrets in newspapers or magazines if he learned of the disclosure prior to the publication time.

The executive order Ford issued yesterday authorizes injunctions against government employees, former employees or employees of contractors disclosing classified material. But it does not authorize injunctions directly against publications.

Bush said his new job places him in an "adversary relationship" with the press concerning information about classified material.

Bush said that Ford's reorganization plans provide no new guidelines to govern CIA efforts to manipulate the governments of other nations.

"I don't think you need special written guidelines for covert activity," he said.

HE ADDED that there were no secret restrictions on CIA efforts to manipulate politics overseas except for a prohibition on efforts to assassinate foreign leaders.

Covert activity, which can run the gamut from secret wars to bribery of politicians, will be approved on an "ad hoc" basis by the operations group created by Ford's executive order.

Bush repeatedly refused to be drawn into the debate over the sort of committee Congress should establish to supervise intelligence activities.

He indicated he personally favors Ford's proposal for a joint Senate-House committee to reduce the number of congressmen who must be informed. But Bush said he could "work with whatever the Congress sets up."

The intelligence committees of both the Senate and House have each recommended individual committees for each house.

THE EXECUTIVE order Ford issued yesterday authorizes Bush to expand the scope of a secrecy oath which all employees of the government and its contractors will be required to sign in order to obtain access to classified material.

Bush said he plans to seek legal advice on the exercise of that authority, but he indicated he expected to issue the order expanding the coverage of the oath from information relating to intelligence sources and methods to all classified information.

"I disapprove of the idea that a government employee can divulge classified information," Bush said.

Under the terms of the order, if an employee discloses classified information in violation of his

he would be subject to civil court action filed by the Justice Department and to discipline from his department or agency.

THE PENALTIES probably would be less severe than the five years in prison Ford is proposing in legislation to make it a crime to reveal intelligence sources and methods.

But the criminal statute requires action by Congress, and approval is far from certain. Ford was able to impose the secrecy pledge under his own authority.

In the words of the executive order: "In order to improve the protection of sources and methods of intelligence, all members of the executive branch and its contractors given access to information containing sources or methods of intelligence shall, as a condition of obtaining access, sign an agreement that they will not disclose that information to persons not authorized to receive it."

The order authorizes the attorney general to obtain an injunction prohibiting unauthorized disclosure if he learns in advance of an impending leak.

The government obtained just such an order against former CIA official Victor Marchetti, prohibiting him from publishing his "CIA and the Cult of Intelligence" without official censorship. The book was published with gaps marking the passages that had been removed. It was the first time a book was censored officially before publication in this country.

The courts upheld the injunction against Marchetti on the grounds that he had relinquished his 1st Amendment rights voluntarily by signing the CIA's secrecy contract.

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11 Dec 75

'Chinese Leftists . . .

From Page 1

places of employment. The article prompted one communist official to express his concern over a possible resurgence of ultra-leftist activity.

After a steady erosion of leftist political influence, particularly in the cultural arena, the recent changes in educational policy undoubtedly forced the leftists either to strike back or abandon their

last remaining area of influence to the moderate coalition headed by Vice Premier Teng Hsiao-ping.

The debate has apparently caused some disruption in two of China's most prestigious universities, Peking and Tsinghua, where students on both sides have put up wall posters. Some posters complain that educational policies are depriving students of a good education, while others attack what is seen as a return to "elitist" policies in vogue before the cultural revolution. The latter includes attacks on the minister of education, whom they blame for reinstituting higher educational standards.

Leftist assaults on the new educational policy will probably stave off, temporarily at least, major changes in the education system. These assaults are being expanded into a defense of the cultural revolution.

Already an article by Liang Hsiao, a pseudonym for an unidentified but clearly influential person or group in the party leadership, has attacked those who have "negated" the policies of the cultural revolution by endless criticism. The only specific policy mentioned is that of education, but the defense of the "new things" that emerged during the cultural revolution is clearly meant to include a wide range of policy issues.

This defense is a response not only to the changes in cultural revolution policies over the past year—and to Mao's apparent abandonment of the left—but to the growing power and prestige of Teng Hsiao-ping. Teng is a particular irritant to the party's left wing because, as a victim of the cultural revolution, he personifies all of the evils that the leftists wanted to eradicate during that period.

Teng's power, greater now than before the cultural revolution, is likely to confine leftists' attacks to propaganda broadsides and limit their actual influence over policy. Nevertheless, these recent articles demonstrate that the left retains access to the media and is capable of stirring up public debates.

In the past year, the left has been unable to mount or sustain an attack on policy, but leftist agitation, if kept up over time, could force Teng to take firm action against his antagonists or, in the tradition of Premier Chou En-lai, tread more cautiously in overturning the policies of

Chinese Leftists Attack Schools

The left wing of the Chinese Communist Party has watched the excessive policies of the cultural revolution being overturned in the past year and has now launched a strident propaganda counter-attack. The assault focuses on the new educational policies announced this fall, but includes a defense of the cultural revolution in general and of the "new things," i.e., policies adopted during that upheaval.

An article carried in the party's two major publications refutes point-by-point the shifts in educational policy announced in a speech by the minister of education and reportedly endorsed by Chairman Mao. The article dismisses as ridiculous the charges made by the education

minister that the universities have failed to provide quality education.

It criticizes the notion that the universities must emphasize basic technical courses, a direct rebuttal to reported statements of Mao and the education minister. It attacks the policy, reportedly approved by Mao in 1974, of sending students directly to the universities without first spending a few years in the rural areas.

The article reiterates a favorite leftist position that political training is the most important function of the universities, despite the reported statement by Mao that university students need not study politics in college but can do so at their

(See Chinese. . . Page 4)

National Intelligence Bulletin

February 7, 1976

CHINA

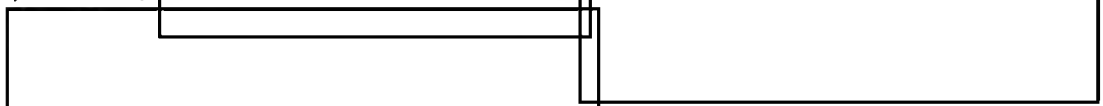
The party's left wing appears to be making a determined effort to forestall the formal designation of Teng Hsiao-ping as premier. The leftist attack is also aimed at discrediting other officials who will play an important role in the post-Chou En-lai succession process, especially those who were rehabilitated in the last few years and are closely identified with Teng.

The vehicle of the leftist offensive is a debate over educational policy and personal attacks on the minister of education. An article in *People's Daily* on February 6 criticizes those who want to raise educational standards in the universities—a veiled reference to the education minister, himself a rehabilitated official—but concentrates its fire on the “capitalist roaders inside the party” who were “exposed” during the Cultural Revolution but have failed to change their views. The frequent references to “capitalist roaders” in the party have particular significance for Teng Hsiao-ping, who was branded during the Cultural Revolution as “the number-two man in the party taking the capitalist road.” The article acknowledges that such people are currently “in power” and are trying to reverse the policies of the Cultural Revolution.

In the context of the education debate, the party reportedly has forbidden attacks by name on any official higher than the education minister, who does not himself hold a top party position. The *People's Daily* article, however, and an earlier article that attacked unnamed officials overthrown during the Cultural Revolution but now back in power strongly suggest that the ultimate target is Teng Hsiao-ping. The party's left wing opposed Teng's rehabilitation in 1973 and has taken occasional propaganda slaps at him ever since.

Since Chou En-lai's death on January 8, there have been signs that leadership meetings have been held in Peking, presumably to confirm Teng as the new premier and perhaps to fill other party positions left vacant by the deaths of two other top party officials. Although it is not certain whether the meetings are still in progress or whether any firm decisions have yet been reached, there has been no announcement of a new premier and Teng has not appeared in public since Chou En-lai's funeral on January 15.

The delay in naming Teng, who has been acting as premier for over a year, suggests there is enough opposition to him to make his confirmation a difficult procedure.

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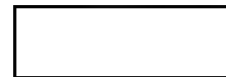
National Intelligence Bulletin

February 7, 1976

The recent propaganda attack on party officials now in power, the strongest such attack since the Cultural Revolution, does not necessarily mean that Teng will be denied the premiership. It could be a last-minute act of desperation by the party's left wing. It signifies, in any case, the divisions within the party leadership with which Teng will have to contend.

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